



UNIVERSITI PUTRA MALAYSIA

**THE EFFECTS OF ADVERTISEMENT AND
BRAND BELIEFS TOWARDS BRAND ATTITUDE:
THE CASE OF THE MOBILE PHONE INDUSTRY**

ARYATY BTE ALWIE

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**THE EFFECTS OF ADVERTISEMENT AND BRAND BELIEFS TOWARDS
BRAND ATTITUDE: THE CASE OF THE MOBILE PHONE INDUSTRY**

By

ARYATY BTE ALWIE

**Thesis Submitted in Partial Fulfillment of the Requirements for the
Degree of Master of Science in the Graduate School of Management
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December 2001



Abstract of thesis presented to the Senate of Universiti Putra Malaysia in partial fulfillment of the requirements for the degree of Master of Science.

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Today, telecommunication plays an important role in our daily activity. Mobile phone as one component in the telecommunication industry also plays its role to connect people in this global edge. Thus, it is not surprising when many telecommunication providers advertise their services using television, radio or other communication tools in order to attract their potential customers. The question arises in our mind on to what extent does the ads achieve their objective, which is to pursue people to subscribe to their services.

The purpose of the study was to investigate the effects of attitude toward the ad and brand beliefs toward the attitude to the brand. Previous studies found that when a person holds a positive attitude toward an ad for a particular brand and hold a positive brand belief, this person will hold a favorable attitude toward the brand. This study tries to apply this model in local

perspectives, among the younger generations. The study uses four mobile phone network brands from six brands available currently. These brands are Celcom, Maxis, TMTouch and DiGi.

This study uses Faculty of Economics and Management's students as respondents. These students were assembled in one classroom and they were asked to see the selected advertisements before they were allowed to answer the questionnaire attached to them.

The findings from the study showed that the respondents are having a favorable attitude toward the ads advertised by mobile phone network operators and positive belief toward these brands, where it lead to a positive attitude toward the brand or brand attitude. A regression analysis shows that these three variables are having a significant relationship for all four brands in study as proposed by the previous model. However, to get a better understanding for this study, further study can be done focusing on these three variables but in more control situation, such as using a similar advertisement concept.

Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi sebahagian keperluan untuk Ijazah Master Sains.

KESAN PENGIKLANAN DAN KEPERCAYAAN JENAMA TERHADAP
SIKAP JENAMA: KES INDUSTRI TELEFON BIMBIT

Oleh

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Disember 2001

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Hari ini, telekomunikasi memainkan peranan penting dalam aktiviti harian masyarakat. Telefon bimbit sebagai satu komponen dalam industri telekomunikasi juga memainkan peranannya untuk menghubungkan masyarakat dalam persaingan global ini. Tidak mengejutkan bilamana terdapat banyak pembekal telekomunikasi mengiklankan perkhidmatan mereka melalui televisyen, radio atau mana-mana alat telekomunikasi dengan tujuan untuk menarik perhatian pelanggan berpotensi. Persoalan yang timbul difikiran kita kini ialah adakah iklan ini mencapai matlamatnya untuk memujuk masyarakat melangani perkhidmatan mereka.

Tujuan kajian ini ialah untuk mengkaji kesan sikap terhadap iklan dan kepercayaan jenama terhadap sikap jenama. Kajian terdahulu mendapati jika seseorang mempunyai sikap yang positif terhadap iklan untuk sesuatu produk dan mempunyai kepercayaan jenama yang positif, seseorang itu akan

mempunyai sikap yang menyukai jenama tersebut. Kajian ini cuba menggunakan model tersebut dalam perspektif tempatan, terutamanya untuk generasi muda. Kajian ini hanya menggunakan empat jenama rangkaian telefon bimbit dari enam jenama yang terdapat sekarang. Jenama tersebut ialah Celcom, Maxis, TMTouch dan DiGi.

Kajian ini menggunakan pelajar Fakulti Ekonomi dan Pengurusan sebagai responden. Pelajar ini dikumpul dalam satu bilik dan diminta untuk melihat iklan yang terpilih sebelum mereka dibenarkan menjawab borang soal selidik yang diberikan kepada mereka.

Hasil dari kajian ini menunjukkan bahawa responden mempunyai sikap yang menyukai iklan yang ditunjukkan oleh pengeluar rangkaian telefon bimbit dan mereka juga mempunyai kepercayaan yang positif terhadap jenama tersebut, yang mana ia membawa kepada sikap yang positif terhadap jenama atau kepercayaan jenama. Analisa regresi menunjukkan bahawa tiga pembolehubah ini mempunyai hubungan yang signifikan untuk semua empat jenama yang dikaji, seperti mana yang dicadangkan oleh model sebelumnya. Walaubagaimanapun, untuk mendapatkan pemahaman yang lebih baik bagi kajian ini, satu kajian boleh dilakukan yang memfokus kepada tiga pembolehubah tadi tetapi dalam situasi yang lebih terkawal, seperti menggunakan konsep iklan yang sama.

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I certify that an Examination Committee has met on 7th November 2001 to conduct the final examination of Graduate Student on her Master of Science thesis entitled "The Effects of Advertisement and Brand Beliefs Towards Brand Attitude: The Case of the Mobile Phone Industry" in accordance with Universiti Pertanian Malaysia (Higher Degree) Act 1980 and Universiti Pertanian Malaysia (Higher Degree) Regulations 1981. The Committee recommended that the candidate be awarded the relevant degree. The Committee Members for the candidate are as follows:

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DECLARATION

I hereby declare that the thesis is based on my original work accept for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at UPM or other institutions.

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LIST OF ABBREVIATIONS

A_{ad}	Attitude toward the advertisement
A_b	Attitude toward the Brand or Brand attitude
Ad	Advertisement
Ads	Advertisements
AIDA	Awareness, interest, desire and action
ASAM	Advertising Standards Authority of Malaysia
ATH	Affect Transfer Hypothesis
B_b	Brand beliefs
C_{ad}	Advertisement cognitions
CAP	Consumer Association of Penang
C_b	Brand cognitions
Dagmar	Defining advertising goals of measuring advertising results
DAGs	Demonstrator Application Grants
DMH	Dual Mediation Hypothesis
ELM	Elaboration Likelihood Model
EON	Edaran Otomobil Nasional
ICT	Information and Communication Technology
IIH	Independent Influence Hypothesis
MSC	Multimedia Super Corridor
NITA	National Information Technology Agenda
ntv7	National Television

P_b	Brand purchase
PEMBs	Professionals, managers, executives and businessmen
PI	Purchase intention
RHM	Reciprocal Mediation Hypothesis
SRM	Survey Research Malaysia
Telco	Telecommunications company
TRI	Technology Resources Industries Bhd.
TV1	Channel 1, Radio Television Malaysia
TV2	Channel 2, Radio Television Malaysia
TV3	Sistem Television Malaysia

CHAPTER 1

RESEARCH OVERVIEW

1.0 Introduction

This chapter will cover the overview of the whole thesis, which includes the background, the objectives, the importance, scope and the organization of the study.

1.1 Background of the Study

Malaysia is one of the developing countries which is moving forward to be an industrialized country in all aspects economically, politically, spiritually, psychologically and culturally by the year 2020.¹ The total Malaysian population has increased from 20.95 million in 1995 to 22.23 million in 1998. The proportion of the population living in urban areas has also increased from 56.9 percent in 1995 to 59.1 percent in 1998. In terms of ethnic composition, the Bumiputera population has also increased from 11.91 million in 1995 to 12.84 million

¹ Vision 2020 – Prospects And Opportunities.

in 1998. Similarly, the Chinese and Indian population grew to reach 5.52 million and 1.56 million, respectively, in 1998 (Mid-term Review of Seventh Malaysia Plan, 1999). These figures show that over the years there has been a potential growth among the three main ethnic groups in Malaysia. The increase of population was also followed by the increase in income per capita for the Malaysian population.

The difference in growth of household income also exists between rural and urban household. The rural household monthly income grew from RM1,307 in 1995 to RM1,669 in 1997. The income disparity ratio between rural and urban households also widened from 1:1.98 in 1995 to 1:2.0 in 1997. The monthly income of urban households increased from RM2,593 in 1995 to RM3,406 in 1997. The increase of differences between rural and urban households is derived by the economic development between these two areas. Economic activities are more rapid in the urban area rather than the rural area (Mid-term Review of Seventh Malaysia Plan, 1996).

At present, the Government of Malaysia has encouraged a number of investors to invest in Malaysia in order to boost the economic activities (Malaysia's Vision 2020, 1993). The upsurge number of investors means increase of competition between local and foreign companies in many industries like manufacturing, transportation, telecommunications and etc.

One of the best ways to boost the economic activities is through providing good infrastructure such as telecommunications services.

1.2 Problem Statement

Strong competition in the telecommunication industry will make telecommunication companies thinking of the best way to attract their target market in order to sell their services. Most of the bigger companies believe that advertising plays an important role to promote their services to potential customers. Evidence of this, in Malaysia we can see many advertisements on national television channels like TV1, TV2, TV3, Metro Vision (before it stopped broadcasting on 1st November 1999), and ntv7. The total expenditure for television advertising increased by 17.6 percent for year 1999 (The Star Feb 12, 2000). Everyday, consumers are exposed to advertisements that attempt to show that their products or services are more significant than others.

In marketing activities, promotion plays an important part to ensure the success of the organization's products. For companies, which are involved in highly competitive edge and vast technology changes like the telecommunications industry, advertisement as one of the promotion mixes and acts as an important tool to promote the company's products to their targeted consumers faster and in more attractive manner.

Telecommunication companies' main objective is to communicate their services to their target market and at the same time to try to differentiate their services from their rivals. Today, we can see many telecommunications advertisements appearing in electronic media like television and print media such as newspapers and magazines, which carries the information of their services. With the spending about RM144.8 million for year 1999, telecommunications become second highest contributor after classified/appointment category in advertising industry (The Star, 2000). The aim is to create a positive attitude toward services offered by the company and as a result to lead the customer to subscribe to their service.

According to the traditional hierarchy of effects models, brand attitudes were determined by brand beliefs, but Mitchell and Olson (1981) found that the attitude toward the ad also played a significant role in this relationship (Smith, 1993). Dröge (1989) said that the advertisers often hope that a consumer's positive attitude toward the advertisement (A_{ad}) will be transferred to that individual's attitude toward the brand (A_b) and then to trigger the purchase intentions (I_b) among their target market.

In line with Dröge (1989), Smith (1993) used one of the MacKenzie, Lutz and Belch (1986) models, which is called Dual Mediation Hypothesis model to show that the brand beliefs (B_b) and attitude toward the ad (A_{ad}) each had direct and indirect effects on brand attitude (A_b).

According to the previous research done by Mitchell and Olson (1981); Shimp (1981), A_{ad} is an effective construct representing consumers' feeling of favorability / unfavorability toward the advertising itself, is a mediating influence on A_b and I_b . Therefore, telecommunications companies struggle their efforts to create an attractive advertisement to influence their potential customers.

1.3 Objectives of Study

For the purposes of the study, the objectives are divided into two; firstly, the general objectives and secondly, the specific objectives.

1.3.1 The Main Objectives

The main purpose of this study is to explore the Malaysian consumer attitude toward the telecommunications advertisements, their attitude toward the brand advertised by telecommunications companies, brand beliefs and purchase intention for telecommunications brands.

We want to understand the attitude of Malaysian consumers on telecommunications brands and telecommunications advertisements. The telecommunications brands will refer to mobile or cellular phone network/line brands provided by local companies in Malaysia.